GENERAL NOTES TARIFF SCHEDULE OF THE UNITED STATES

- 1. <u>Relation to the Harmonized Tariff Schedule of the United States (HTSUS)</u>. The provisions of this schedule are generally expressed in terms of the Harmonized Tariff Schedule of the United States, and the interpretation of the provisions of this schedule, including the product coverage of subheadings of this schedule, shall be governed by the General Notes, Section Notes, and Chapter Notes of the HTSUS. To the extent that provisions of this schedule are identical to the corresponding provisions of the HTSUS, the provisions of this schedule shall have the same meaning as the corresponding provisions of the HTSUS.
- 2. <u>Base Rates of Customs Duty</u>. The base rates of duty set forth in this schedule reflect the lower of the HTSUS Column 1 General rates of duty in effect January 1, 2002 or the rate scheduled for January 1, 2004 under existing WTO duty-elimination commitments
- 3. <u>Staging</u>. In addition to the staging categories listed in Annex 3.3, paragraph 1, this schedule contains staging categories J, K, L, M and N.
 - (a) Rates of duty on originating goods of Chile provided for on items in staging category J shall remain at base rates for the first seven years of implementation. Beginning January 1 of year eight, the rates of duty shall be removed in five equal annual stages, and such goods shall be duty-free effective January 1 of year twelve
 - (b) Rates of duty on originating goods of Chile provided for on items in staging category K shall be removed in two equal annual stages beginning on January 1 of year one, and such goods shall be duty-free, effective January 1 of year two.
 - (c) Rates of duty on originating goods of Chile provided for on items in staging category L shall be removed in ten stages. Beginning January 1 of year one, the rates of duty shall be reduced by five percent each year through January 1 of year six. On January 1 of year seven the duty wll be reduced by ten percent each year through year nine, and such goods shall be duty-free effective January 1 of year ten.
 - (d) Originating goods of Chile provided for on items in staging category M shall be subject to the following provisions during the duty elimination period until January 1, year ten of the Agreement, at which time such goods shall be free of duty:

For goods described in subheading 9802.00.60, at the time of entry the duty imposed upon the value of the processing outside the United States to be applied in accordance with the procedures specified in U.S. note 3 of subchapter II, chapter 98, of the HTS, shall be the rate which would apply to the article itself under the staging obligations set forth for the appropriate provision in Chapters 1 to 97 of this schedule.

For goods described in subheading 9802.00.80, at the time of entry the duty imposed upon the assembled article to be applied in accordance with the procedures specified in U.S. note 4 of subchapter II, chapter 98, of the HTS, shall be the rate applicable to the full value of the article itself under the staging obligations set forth for the appropriate provision in Chapters 1 to 97 of this schedule.

For goods described in subheading 9817.61.01, at the time of entry the duty imposed upon the assembled article shall be the rate applicable to the full value of the article itself under the staging obligations set forth for the appropriate provision in Chapters 1 to 97 of this schedule.

For goods described in subheading 9818.00.05, at the time of entry the duty imposed upon the cost of such parts shall be the rate applicable to the full value of such parts under the staging obligations set forth for the appropriate provision in Chapters 1 to 97 of this schedule.

(g) Rates of duty on originating goods of Chile provided for on items in staging category N shall be eliminated entirely and such goods shall be duty-free on January 1 of year one. For goods in subheadings 98120020, 98120040, 98130005, 98130010, 98130015, 98130020, 98130025, 98130030, 98130035, 98130040, 98130045, 98130050, 98130060, 98130070, 98130075, and 98140050 duty-free means free without bond.

ANNEX 1

Notes

1. This annex contains temporary modifications of the provisions of the United States tariff schedule pursuant to this Agreement. Originating goods of Chile described in the provisions of this Annex are subject to duty at the rate set forth in this Annex in lieu of the rate provided therefore in Chapters 1 through 97. Notwithstanding tariff-rate quota provisions provided for elsewhere in the USHTS, originating goods of Chile shall be permitted to enter the United States in accordance with the provisions of this Annex. Furthermore, any quantity provided for Chile on goods described in this Annex shall not be counted toward any tariff-rate quota provided for such goods elsewhere in the USHTS. Originating goods of Chile imported into the United States also shall not be subject to any of the provisions, duties or limitations of Subchapter IV of Chapter 99 of the USHTS.

Beef

2. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 2 (c) shall be entered duty free in any calendar year, and shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	1,000	
2	1,100	
3	1,210	
4	unlimited	

The quantities shall enter on a first-come, first-serve basis.

- (b) The rates of duty on goods outside the quantities listed in subheading 2(a) shall be removed according to the provisions of Annex 3.3, paragraph 1(b).
- (c) The provisions in subheading 2(a) and 2(b) reference headings AG02011050, AG02012080, AG02013080, AG02021050, AG02022080, and AG02023080.

Liquid dairy

3. (a) The rates of duty on goods entered under subheadings listed in 3(b) shall be removed according to the provisions of staging category J in the General Notes to the Tariff Schedule of the United States.

(b) The provisions in subheading 3(a) reference headings AG04013025, AG04039016, and AG21050020.

Cheese

4. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 4 (c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	1,432	
2	1, 532	
3	1,639	
4	1,754	
5	1,877	
6	2,008	
7	2,149	
8	2,229	
9	2,460	
10	2,633	
11	2,817	
12	unlimited	

- (b) The rates of duty on goods outside the quantities listed in subheading 4(a) shall be removed according to the provisions of staging category J in the General Notes to the Tariff Schedule of the United States.
- (c) The provisions in subheading 4(a) and 4(b) refer to headings AG04061008, AG04061018, AG04061028, AG04061038, AG04061048, AG04061058, AG04061068, AG04061078, AG04061088, AG04062028, AG04062033, AG04062039, AG04062048, AG04062053, AG04062063, AG04062067, AG04062071, AG04062075, AG04062079, AG04062083, AG04062087, AG04062091, AG04063018, AG04063028, AG04063038, AG04063048, AG04063053, AG04063063, AG04063067, AG04063071, AG04063075, AG04063079, AG04063083, AG04063087, AG04063091, AG04064070, AG04069012, AG04069018, AG04069032, AG04069037, AG04069042, AG04069048, AG04069054, AG04069068, AG04069074, AG04069078, AG04069084, AG04069088, AG04069092, AG04069094, AG04069097 and AG19019036.

Milk powder

5. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 5 (c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	828	
2	866	
3	948	
4	1,014	
5	1,085	
6	1,161	
7	1,243	
8	1,330	
9	1,423	
10	1,522	
11	1,629	
12	unlimited	

The quantities shall enter on a first-come, first-serve basis.

- (b) The rates of duty on goods outside the quantities listed in subheading 5(a) shall be removed according to the provisions of staging category J in the General Notes to the Tariff Schedule of the United States.
- (c) The provisions in subheading 5(a) and 5(b) refer to headings AG04021050, AG04022125, AG04022150, AG04039045, AG04039055, AG04041090, AG23099028 and AG23099048

Butter

6. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 6(c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	300	
2	321	
3	343	
4	368	

5	393
6	421
7	450
8	482
9	515
10	552
11	590
12	unlimited

The quantities shall enter on a first-come, first-serve basis.

- (b) The rates of duty on goods outside the quantities listed in subheading 6(a) shall be removed according to the provisions of staging category J in the General Notes to the Tariff Schedule of the United States.
- (c) The provisions in subheading 6(a) and 6(b) refer to headings AG04013075, AG04022190, AG04039065, AG04039078, AG04051020, AG04052030, AG04059020, AG21069026, and AG21069036.

Condensed milk

7. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 7(c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	489	
2	523	
3	560	
4	599	
5	641	
6	686	
7	734	
8	785	
9	840	
10	899	
11	962	
12	unlimited	

- (b) The rates of duty on goods outside the quantities listed in subheading 7(a) shall be removed according to the provisions of staging category J in the General Notes to the Tariff Schedule of the United States.
- (c) The provisions in subheading 7(a) and 7(b) refer to headings AG04029170, AG04029190, AG04029945, AG04029955.

Other Dairy Products

8. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 8(c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	452	
2	484	
3	517	
4	554	
5	592	
6	634	
7	678	
8	726	
9	777	
10	831	
11	889	
12	unlimited	

- (b) The rates of duty on goods outside the quantities listed in subheading 8(a) shall be removed according to the provisions of staging category J in the General Notes to the Tariff Schedule of the United States.
- (c) The provisions in subheading 8(a) and 8(b) refer to headingsAG04022950, AG04029170, AG04029190, AG04029945, AG04029955, AG04029990, AG04031050, AG04039095, AG04041015, AG04049050, AG04052070, AG15179060, AG17049058, AG18062026, AG18062028, AG18062036, AG18062038, AG18062082, AG18062083, AG18062087, AG18063208, AG18063208, AG18063216, AG18063218, AG18063270, AG18063280, AG18069008, AG18069010, AG18069018, AG18069020, AG18069028, AG18069030, AG19011030, AG19011040, AG19011075,

AG19011085, AG19012015, AG19012050, AG19019043, AG19019047, AG21050040, AG21069009, AG21069066, AG21069087, and AG22029028.

Sugar

9. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 9 (c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	2,000	
2	2,100	
3	2,205	
4	2,315	
5	2,431	
6	2,553	
7	2,680	
8	2,814	
9	2,955	
10	3,103	
11	3,258	
12	unlimited	

- (b) The rates of duty on goods outside the quantities listed in subheading 9(a) shall be removed according to the provisions of Annex 3.3, paragraph 1(e).
- (c) The provisions in subheading 9(a) and 9(b) refer to headings AG17011150, AG17011250, AG17019130, AG17019148, AG17019158, AG17019950, AG17022028, AG17023028, AG17024028, AG17026028, AG17029020, AG17029058, AG17029068, AG17049068, AG17049078, AG18061028, AG18061038, AG18061055, AG18061075, AG18062073, AG18062077, AG18062094, AG18062098, AG18069039, AG18069049, AG18069059, AG19012025, AG19012035, AG19012060, AG19012070, AG19019054, AG19019058, AG21011238, AG21011248, AG21011258, AG21012038, AG21012048, AG21012058, AG21039078, AG21069046, AG21069072, AG21069076, AG21069080, AG21069091, AG21069094, and AG21069097.
- (d) Subject to the aggregate quantities set forth in subheading 9(a), duty free tariff treatment under subheading 9(a) shall be accorded to a quantity of goods equal to

the amount of Chile's trade surplus, by volume, from all sources in the following goods: HS170111, HS170112, HS170191, HS170199, HS170220, HS170230, HS170240, HS170260, HS170290, HS180610, HS210112, HS210120, and HS210690, except that Chile's imports of originating goods of the United States of HS170240 and HS170260 shall not be included in the calculation of Chile's trade surplus. Chile's trade surplus will be calculated using the most recent annual data available.

(e) In any year, preferential tariff treatment under subheading 9(b) shall be accorded to a quantity of goods equal to the amount by which Chile's trade surplus, as calculated under subheading 9(d), exceeds the duty free quantity for such year.

Peanuts

- 10. (a) The rates of duty on goods entered under subheadings listed in 10(b) shall be removed in accordance with the provisions of Annex 3.3 1(e).
 - (b) The provisions in subheading 10(a) refer to headings AG12021080, AG12022080, AG20081115, AG20081135, and AG20081160.

Tobacco

11. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 11 (c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	617	
2	648	
3	680	
4	714	
5	750	
6	787	
7	827	
8	868	
9	912	
10	957	
11	1,005	
12	unlimited	

The quantities shall enter on a first-come, first-serve basis.

(b) The rates of duty on goods outside the quantities listed in subheading 11(a) shall be removed according to the provisions of Annex 3.3 paragraph 1(e).

(c) The provisions in subheading 11(a) and 11(b) refer to headings AG24011065, AG24012035, AG24012087, AG24013070, AG24031090, AG24039147, AG24039990.

Cotton

- 12. (a) The rates of duty on goods entered under subheadings listed in 12(b) shall be removed in accordance with the provisions of Annex 3.3 1(e).
 - (b) The provisions in subheading 12(a) refer to headings AG52010018, AG52010028, AG52010038, AG52010080, AG52029930, AG52030030.

Avocados: October 1 through December 31

13. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 13(c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	34,000	
2	35,700	
3	37,485	
4	39,359	
5	41,327	
6	43,394	
7	45,563	
8	47,841	
9	50,233	
10	52,745	
11	55,382	
12	unlimited	

The quantities shall enter on a first-come, first-serve basis.

- (b) The rates of duty on goods outside the quantities under subheadings listed in 13(c) shall be removed in accordance with the provisions of Annex 3.3 1(g).
 - (c) The provisions in subheading 13(a) and 13(b) refer to headings AG08044000a.

Avocados: January 1 through September 30

14. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 14(c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity
	(Metric tons)
1	15,000
2	15,750
3	16,538
4	17,364
5	18,233
6	19,144
7	20,101
8	21,107
9	22,162
10	23,270
11	24,433
12	unlimited

The quantities shall enter on a first-come, first-serve basis.

- (b) The rates of duty on goods outside the quantities under subheadings listed in 14(c) shall be removed in accordance with the provisions of Annex 3.3 1(g).
 - (c) The provisions in subheading 14(a) and 14(b) refer to headings AG08044000b.

Processed Artichokes

- 15. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 15(c) shall be entered duty free in any calendar year, shall not exceed 950,000 kilograms for that year until year 12. The quantities shall enter on a first-come, first-serve basis. Beginning on January 1, year twelve, the quantity that may enter duty-free is unlimited.
 - (b) The rates of duty on goods entered under subheadings listed in 15(c) shall be removed in accordance with the provisions of Annex 3.3, 1(e).
 - (c) The provisions in subheading 15(a) and 15(b) refer to headings AG20059080.

Wine

16. (a) The rate of duty on originating goods from Chile provided for in AG22042120 wine shall remain at base rates for eight years. Beginning January 1 of year nine, the rate of duty shall be reduced 7.7 percent from the base rate. Beginning January 1 of year ten, the rate of duty shall be reduced 35.9 percent from the base rate. Beginning January 1 of year 11, the rate of duty shall be reduced 64.1 percent from the base rate. Such originating goods of Chile shall be duty-free effective January 1 of year 12.

- (b) The rate of duty on originating goods from Chile provided for in AG22042150 shall remain at base rates for eleven years. Such originating goods of Chile shall be duty-free effective January 1 of year 12.
- (c) The rate of duty on originating goods from Chile provided for in AG22042920 shall remain at base rates for eight years. Beginning January 1 of year nine, the rate of duty shall be reduced 2.7 percent from the base rate. Beginning January 1 of year ten, the rate of duty shall be reduced 32.4 percent from the base rate. Beginning January 1 of year eleven, the rate of duty shall be reduced 62.2 percent from the base rate. Such originating goods of Chile shall be duty-free effective January 1 of year 12.
- (d) The rate of duty on originating goods from Chile provided for in AG22042940 shall remain at base rates for 10 years. Beginning January 1 of year eleven, the rate of duty shall be reduced by 41.7 percent from the base rate. Such originating goods of Chile shall be duty-free effective January 1 of year 12
- The rate of duty on originating goods from Chile provided for in AG22042960 (e) shall be reduced by 8.1 percent from the base rate beginning January 1 of year one. Beginning January 1 of year 2, the rate of duty shall be reduced by 16.3 percent from the base rate. Beginning January 1 of year 3, the rate of duty shall be reduced by 24.4 percent from the base rate. Beginning January 1 of year 4 the rate of duty shall be reduced by 32.6 percent from the base rate. Beginning in January 1 of year 5, the rate of duty shall be reduced by 40.7 percent from the base rate. Beginning in January 1 of year 6, the rate of duty shall be reduced by 48.8 percent from the base rate. Beginning in January 1 of year 7, the rate of duty shall be reduced by 57,0 percent from the base rate. Beginning in January 1 of year 8, the rate of duty shall be reduced by 65.1 percent from the base rate. Beginning in January 1 of year 9, the rate of duty shall be reduced by 73.3 percent from the base rate. Beginning in January 1 of year 10, the rate of duty shall be reduced by 81.4 percent from the base rate. Beginning in January 1 of year 11, the rate of duty shall be reduced by 89.6 percent from the base rate. Such originating goods of Chile shall be duty-free effective January 1 of year 12.
- shall be reduced by 6.1 percent from the base rate beginning January 1 of year one.. Beginning January 1 of year 2, the rate of duty shall be reduced by 13.3 percent from the base rate. Beginning January 1 of year 3, the rate of duty shall be reduced by 22.9 percent from the base rate. Beginning January 1 of year 4 the rate of duty shall be reduced by 31.0 percent from the base rate. Beginning in January 1 of year 5, the rate of duty shall be reduced by 39.7 percent from the base rate. Beginning in January 1 of year 6, the rate of duty shall be reduced by

47.3 percent from the base rate. Beginning in January 1 of year 7, the rate of duty shall be reduced by 55.7 percent from the base rate. Beginning in January 1 of year 8, the rate of duty shall be reduced by 63.8 percent from the base rate. Beginning in January 1 of year 9, the rate of duty shall be reduced by 72.5 percent from the base rate. Beginning in January 1 of year 10, the rate of duty shall be reduced by 80.6 percent from the base rate. Beginning in January 1 of year 11, the rate of duty shall be reduced by 89.3 percent from the base rate. Such originating goods of Chile shall be duty-free effective January 1 of year 12.

- (g) The rate of duty on originating goods from Chile provided for in AG22043000 shall remain at base rates for 10 years. Beginning on January 1, year eleven the rate of duty shall be reduced by 33.3 percent from the base rate. Such originating goods of Chile shall be duty-free effective January 1 of year 12.
- (h) If, subsequent to the date of the signing of this Agreement, a Party grants to a non-Party wine producing country market access conditions more favorable than those agreed under paragraph16(a)-(g) in this Agreement, such Party shall apply the same conditions to the other Party.

Other agricultural goods

17.During the implementation period the applied preferential rates of duty for each of these goods shall be zero unless the value of imports from Chile for a specific tariff line exceeds fifty percent of total U.S. imports of that item or the value of imports from Chile for a specific tariff line \$110 million. If either condition is met, the applied preferential rate shall revert to rate of duty that would be required according to the provisions of Annex 3.3, paragraph 1(b).

18. During the implementation period the applied preferential rates of duty for each of these goods shall be zero unless the value of imports from Chile for a specific tariff line exceeds fifty percent of total U.S. imports of that item or the value of imports from Chile for a specific tariff line \$110 million. If either condition is met, the applied preferential rate shall revert to rate of duty that would be required according to the provisions of Annex 3.3, paragraph 1(c).

Poultry

19. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 19 (c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	0	
2	0	

3	8,000
4	8,400
5	8,820
6	9,261
7	9,724
8	10,210
9	10,721
10	unlimited

The quantities shall enter on a first-come, first-serve basis.

- (b) The rates of duty on goods outside the quantities listed in subheading 19 (a) shall be removed according to the provisions of staging category H in the General Notes to the Tariff Schedule of the United States.
- (d) The provisions in subheading 19 (a) and 19 (b) refer to headings AG020713, AG020714, AG020726, and AG020727.

Tires

20. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 20(c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Millions of units)	
1	4.8	
2	5.01	
3	5.22	
4	5.43	
5	5.64	
6	5.85	
7	6.06	
8	unlimited	

- (b) The rates of duty on goods outside the quantities listed in subheading 20(a) entered under subheadings listed in 20(c) shall be removed in accordance with the provisions of Annex 3.3 1(c).
- (c) The provisions in subheading 20(a) and 20 (b) refer to heading 40111010.
- 21. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 21(c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

$\begin{array}{c} {\rm DRAFT} \\ {\rm Subject\ to\ Legal\ Review\ for\ Clarity\ and\ Consistency} \\ {\rm April\ 3,2003} \end{array}$

Year	Quantity	
	(Millions of units)	
1	3.0	
2	3.13	
3	3.26	
4	3.39	
5	3.52	
6	3.65	
7	3.78	
8	unlimited	

- (b) The rates of duty on goods outside the quantities listed in subheading 21(a) entered under subheadings listed in 18(c) shall be removed in accordance with the provisions of Annex 3.3 1(c).
- (c) The provisions in subheading 21(a) and 21(b) refer to heading 40112010.

Copper

22. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 22(c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Quantity	
	(Metric tons)	
1	55,000	
2	unlimited	

- (b) The rates of duty on goods outside the quantities listed in subheading 22(a) shall be removed according to the provisions of staging category K in the General Notes to the Tariff Schedule of the United States.
- (c) The provisions in subheading 22(a) and 22(b) refer to heading 74031100.

Hotel or restaurant chinaware

23. (a) The aggregate quantity of qualifying goods entered under subheadings listed in 23(c) shall be entered duty free in any calendar year, shall not exceed the quantity specified below for that year:

Year	Ouantit	
i cai	Qualitit	y

$\begin{array}{c} {\rm DRAFT} \\ {\rm Subject\ to\ Legal\ Review\ for\ Clarity\ and\ Consistency} \\ {\rm April\ 3,2003} \end{array}$

	(dozens of units)
1	10,000
2	11,250
3	12,500
4	13,750
5	15,000
6	16,250
7	17,500
8	18,750
9	20,000
10	unlimited

- (b) The rates of duty on goods outside the quantities listed in subheading 23(a) entered under subheadings listed in 23(c) shall be removed in accordance with the provisions of Annex 3.3 1(d).
- (c) The provisions in subheading 23(a) and 23(b) refer to heading 69111010.